MTN NIGERIA PLC

...Cost Management Set the Pace for a Strong Fiscal Year

June 15, 2026.

Earnings Note

Highlights

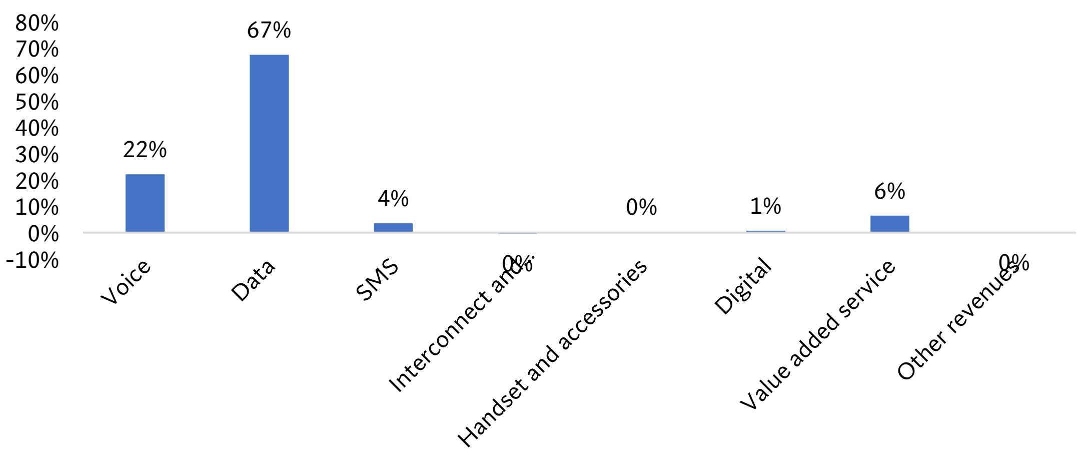
- Revenue grew by 42% Year-on-year (YoY) from ₦1.06 trillion (Q1 2025) to ₦1.50 trillion (Q1 2026).
- EBITDA grew by 68% YoY ₦335.22 billion (Q1 2025) to ₦828.92 billion (Q1 2026).
- Profit after tax (PAT) grew by 166% YoY from ₦133.68 billion (Q1 2025) to ₦355.50 billion (Q1 2026).

Income Statement

MTN Nigeria Communications Plc delivered an exceptional financial performance in Q1 2026, reporting a profit after tax of ₦355.50 billion, representing a 166.0% year-on-year increase from ₦133.68 billion recorded in Q1 2025. The strong earnings growth was driven by robust revenue expansion, improved operating efficiency, and a significant turnaround in foreign exchange performance. Notably, the Company recorded a foreign exchange gain during the period, reversing the exchange-related pressures that weighed on profitability in prior periods.

Revenue grew by 41.62% YoY from ₦1.06 trillion to ₦1.50 trillion, supported primarily by sustained growth in the data business. Data revenue increased by 56.16% from ₦528.98 billion to ₦826.07 billion, accounting for 55% of total revenue during the period. The strong performance was underpinned by growth in the subscriber base, with active data users increasing by 9.34% from 50.3 million to 55.0 million, as well as the impact of tariff adjustments. The voice segment also recorded significant growth, rising by 27.63% from ₦353.13 billion to ₦450.71 billion and contributing 30% of total revenue.

Segment Contribution to Total Revenue



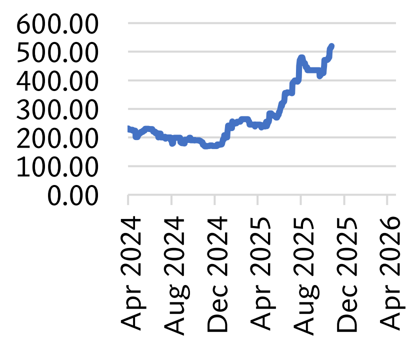
Source: Company Accounts, WSTC Research

On the cost side, direct network operating costs declined by 5.77% YoY to ₦317.89 billion despite the significant expansion in revenue. This reflects management's continued focus on cost optimisation and operational efficiency. As a result, gross margin expanded substantially from 68.11% in Q1 2025 to 78.78% in Q1 2026. In absolute terms, gross profit increased by 63.81% from ₦720.60 billion to ₦1.18 trillion, demonstrating the Company's ability to translate revenue growth into stronger profitability.

Fair Value Estimate: N1002.46

Stock Data	
Current price (N)	800.00
Shares Outstanding (mn)	20,996
Market Cap (N'mn)	16,796,448
52-week high (N)	915.00
52-week low (N)	320.00
Trailing EPS (N)	53.01
Forward EPS (N)	77.34
Forward PE (X)	10.34
Justified PE Multiple (X)	12.96

Price Movement



Stock Data	FY 2024	FY 2025	FY 2026F
P/E	N/A	15.09x	10.34x
P/BV	N/A	13.68x	11.08x
PBT Margin	-16%	33%	39%
PAT Margin	-12%	21%	25%
RoE	161%	2454%	157%
Dividend Yield	0%	6%	6%

Analysts

Desmond Gabriel
d.gabriel@wstc.com.ng

Timehin Sesby-Banjoh
t.sesby@wstc.com.ng

Sylvia Ogwuru
s.ogwuru@wstc.com.ng

Habeeb Oladehinde
h.oladehinde@wstc.com.ng

Furthermore, Operating expenses increased by 54.90% YoY from ₦226.90 billion to ₦351.51 billion. The increase was largely driven by elevated energy costs arising from geopolitical tensions during the latter part of the quarter, which contributed to renewed inflationary pressures across key operating markets. Nevertheless, the strong revenue growth and lower direct costs more than offset these pressures. Consequently, EBITDA rose by 67.90% YoY from ₦493.70 billion to ₦828.92 billion, while EBITDA margin improved significantly from 46.66% to 55.32%.

Below the operating line, the Company's non-operating performance improved materially. Finance income increased from ₦7.33 billion to ₦24.08 billion, while foreign exchange performance reversed from a loss of ₦5.53 billion in Q1 2025 to a gain of ₦33.30 billion in Q1 2026. These gains, combined with the strong operating performance, lifted profit before tax by 169.64% YoY from ₦202.65 billion to ₦546.42 billion. Although income tax expense increased sharply by 176.83% from ₦68.97 billion to ₦190.92 billion, the Company still delivered impressive bottom-line growth, highlighting the strength of its earnings profile and improved operating environment.

Outlook

Looking ahead, we expect MTN Nigeria to sustain its growth momentum, supported by increasing demand for data services, continued digital adoption, and the benefits of tariff adjustments. The Company's expanding subscriber base, coupled with rising data consumption, should continue to support strong revenue generation across its core business segments.

While elevated energy costs and broader macroeconomic uncertainties remain key risks, management's demonstrated commitment to operational efficiency and cost discipline should help mitigate their impact on profitability. In addition, a more stable foreign exchange environment could further support earnings by reducing currency-related pressures that have historically affected the Company's financial performance.

Overall, we remain positive on MTN Nigeria's prospects. The Company is well-positioned to deliver sustainable earnings growth through continued revenue expansion, margin improvement, strong cash generation, and disciplined capital allocation. These factors should support long-term shareholder value creation and reinforce MTN Nigeria's leadership position within the telecommunications sector.

Q1 2026 Financial Performance

Income Statement (N'mn)	Q1 2026	Q1 2025	(%)
Revenue	**1,498,322**	**1,057,973**	**42%**
Direct networking cost	(317,893)	(337,375)	-6%
Value added services cost	(18,553)	(11,944)	55%
Costs of starter packs	(14,462)	(11,666)	24%
Interconnect costs	(48,005)	(52,901)	-9%
Roaming costs	(2,772)	(2,931)	-5%
Transmission costs	(9,266)	(8,994)	3%
Discounts and commissions	(71,169)	(49,535)	44%
Advertisements, sponsorships and sales promotion	(18,089)	(9,569)	89%
Employee benefits	(65,803)	(24,061)	173%
Impairment of financial assets	(624)	(950)	-34%
Other operating expenses	(103,390)	(55,301)	87%
Total operating expenses	**(670,026)**	**(565,227)**	**19%**
EBITDA	**828,296**	**492,746**	**68%**
Depreciation of PPE	(102,912)	(68,298)	51%
Depreciation on RoU assets	(69,673)	(60,895)	14%
Amortisation of intangible assets	(23,406)	(20,834)	12%
Operating profit	**632,305**	**342,719**	**84%**
Non-operating profit/(loss)	**(85,884)**	**(140,070)**	**-39%**
Finance income	24,081	7,332	228%
Finance cost	(143,269)	(141,877)	1%
FX loss	33,304	(5,525)	-703%
Profit before tax	**546,421**	**202,649**	**170%**
Income tax	(190,920)	(68,966)	177%
Profit after tax	**355,501**	**133,683**	**166%**

Balance Sheet (N'mn)	3M 2026	3M 2025	(%)
Assets			
PP & E	2,113,607	1,352,185	56%
Intangible assets	425,147	420,243	1%
RoU assets	1,739,656	1,555,639	12%
Inventories	19,441	7,239	169%
Trade and other receivables	369,384	338,776	9%
Cash	506,716	303,677	67%
Others	675,242	494,170	37%
Total Assets	**5,849,193**	**4,471,929**	**31%**
Liabilities			
Loans & borrowings	377,703	921,358	-59%
Trade payables	1,252,193	1,218,970	3%
Others	3,315,357	2,656,173	25%
Total Liabilities	**4,945,253**	**4,796,501**	**3%**
Net Assets	**903,940**	**(324,572)**	**-379%**

Source: Company Accounts, WSTC Research

Financial Projections

Income Statement (N'mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Revenue	3,358,461	5,202,957	6,420,528	7,767,777	9,252,140	10,712,941	12,145,833	13,332,711
EBITDA	1,313,399	2,743,881	3,498,023	4,524,409	5,369,781	6,230,900	6,854,608	7,307,811
EBIT	778,244	2,079,627	2,794,975	3,755,399	4,481,576	5,202,457	5,700,754	6,027,871
Profit before tax	(550,325)	1,696,145	2,474,601	3,438,126	4,184,609	4,964,751	5,531,501	5,893,004
Net profit	(400,435)	1,112,962	1,623,763	2,256,000	2,745,821	3,257,728	3,629,613	3,866,822
EPS (N)	(19.07)	53.01	77.34	107.45	130.78	155.16	172.88	184.17
DPS(N)	0.00	20.00	46.40	69.84	91.55	116.37	138.30	156.55

Balance Sheet (N'mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Current assets	791,336	1,254,088	1,331,386	2,143,804	3,215,081	4,445,549	5,196,397	6,266,544
Non-current assets	3,405,655	4,149,401	4,726,230	4,902,657	5,101,417	5,230,739	5,365,221	5,379,167
Total assets	4,196,991	5,403,489	6,057,616	7,046,462	8,316,498	9,676,289	10,561,618	11,645,711
Current liabilities	1,988,318	2,248,419	2,095,731	1,864,990	1,910,181	1,921,980	1,713,224	1,889,349
Non-current liabilities	2,666,680	2,606,358	2,445,334	2,555,428	2,660,338	2,855,104	2,924,010	3,002,935
Shareholders' equity	(458,007)	548,712	1,516,551	2,626,044	3,745,979	4,899,205	5,924,384	6,753,427
Book value per share (N)	(21.81)	26.13	74.51	129.02	184.04	240.69	291.06	331.79

Cash flow statement (N'mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Cash from operating activities	868,901	2,211,923	2,556,043	3,035,828	3,876,459	4,439,175	4,649,821	5,389,183
Cash from investing activities	(238,399)	(1,140,038)	(1,501,864)	(861,197)	(1,055,534)	(1,103,735)	(1,211,184)	(1,179,820)
Cash from financing activities	(736,840)	(684,465)	(1,337,918)	(1,411,987)	(1,891,534)	(2,242,962)	(2,822,631)	(3,241,495)
Net increase/(decrease) in cash	-106,338	387,420	-283,738	762,643	929,391	1,092,477	616,006	967,868

Ratio analysis (%)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
EBITDA margin	39%	53%	54%	58%	58%	58%	56%	55%
Operating margin	23%	40%	44%	48%	48%	49%	47%	45%
ROE	161%	2454%	157%	109%	86%	75%	67%	61%
ROA	-11%	23%	28%	34%	36%	36%	36%	35%
Dividend payout ratio	0%	38%	60%	65%	70%	75%	80%	85%

Source: Company Accounts, WSTC Research

Disclaimer & Disclosures

The value of any investment is subject to fluctuations, i.e., may rise and fall. Past performance is no guide to the future. The rate of exchange between currencies may cause the value of an investment to increase or decrease. Hence investors may not get back the full value of their original investment.

Investment Recommendation
WSTC uses a 3-tier recommendation system for stocks under coverage: Buy, Hold, and Sell.

- Buy Rating: estimated fair value is ≥20% above current market price.
- Hold Rating: estimated change in price is between -10% and 19% of current market price.
- Sell Rating: estimated change in price is ≤ -10% of current market price.

This document is not an offer to buy or sell any security. This document does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The appropriateness of a particular investment will depend on an investor's circumstances and objectives. The investments and shares referred to in this document may not be suitable for all investors.

This document is based on information WSTC Securities Limited (WSTC Securities) received from publicly available reports and industry sources. WSTC Securities may not have verified all of this information with third parties. Neither WSTC Securities nor its shareholders, directors, employees or advisors can guarantee the accuracy, reasonableness or completeness of the information received from any sources consulted for this publication; and neither WSTC Securities nor its shareholders, directors, employees or advisers accept any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document. This document is not to be relied upon and should not be a substitute for the exercise of independent judgment.

This document includes certain statements, estimates and projections concerning the anticipated future performance of securities listed on the Nigerian Exchange and as to the market for these shares. Such statements, estimates and projections are based on information that we consider reliable and may reflect various assumptions made concerning anticipated economic developments, which have not been independently verified and may or may not prove correct. No representation or warranty is made as to the accuracy of such statements, estimates and projections or as to their appropriateness for the purpose intended and it should not be relied upon as such. Opinions expressed are current opinions as of the date appearing on this material only and may change without notice. Other third parties may have issued other reports that are inconsistent with and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them.

This document is for information purposes only and private circulation. No portion of this document may be reprinted, sold or redistributed without the written consent of WSTC Securities.

Additional information on recommended securities/instruments is available on request.

WSTC Securities Limited is a Trading License Holder of the Nigerian Exchange Limited (NGX) and is registered with the Securities & Exchange Commission (SEC) as a Broker/Dealer to conduct Securities Brokerage & Dealing in Nigeria. Therefore, we may deal in any securities listed on the NGX.

WSTC Securities Limited has its registered office at 2, Maitama Sule Street, South-West Ikoyi, Lagos, Nigeria.

Email: research@wstc.com.ng
Website: www.wstc.com.ng